

No. 14446

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
PAKISTAN**

Development Credit Agreement—*Tarbela Project: Supplemental* (with General Conditions Applicable to Development Credit Agreements dated 15 March 1974). Signed at Washington on 15 August 1975

Authentic text: English.

Registered by the International Development Association on 4 December 1975.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
PAKISTAN**

Contrat de crédit de développement — *Projet de Tarbela : Supplément* (avec Conditions générales applicables aux contrats de crédit de développement en date du 15 mars 1974). Signé à Washington le 15 août 1975

Texte authentique : anglais.

Enregistré par l'Association internationale de développement le 4 décembre 1975.

DEVELOPMENT CREDIT AGREEMENT¹

AGREEMENT, dated August 15, 1975, between ISLAMIC REPUBLIC OF PAKISTAN (hereinafter called the Borrower), acting by its President, and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS under the Tarbela Development Fund (Supplemental) Agreement, 1975,² the Association has agreed to make a special contribution to the Tarbela Development Fund, established pursuant to the Tarbela Development Fund Agreement, 1968,³ for the purpose of assisting in the financing of the cost of repairs of, and additional remedial works to, the Tarbela dam;

WHEREAS, under the said Supplemental Agreement, such special contribution by the Association is to be in an amount in various currencies equivalent to US\$8,000,000 and in the form of a development credit to the Borrower but payable to the Tarbela Development Fund on terms and conditions, not inconsistent with the Tarbela Development Fund (Supplemental) Agreement, 1975, to be agreed upon between the Borrower and the Association;

NOW THEREFORE the Parties hereto hereby agree as follows:

Article I. GENERAL CONDITIONS; DEFINITIONS

Section 1.01. The Parties to this Agreement accept all the provisions of the General Conditions Applicable to Development Credit Agreements of the Association, dated March 15, 1974,⁴ with the same force and effect as if they were fully set forth herein (said General Conditions Applicable to Development Credit Agreements of the Association being hereinafter called the General Conditions).

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "1968 Agreement" means the Tarbela Development Fund Agreement, 1968;

(b) "1975 Agreement" means the Tarbela Development Fund (Supplemental) Agreement, 1975;

(c) "Fund" means the Tarbela Development Fund established under the 1968 Agreement;

(d) "Administrator" means the Bank acting as administrator of the Fund pursuant to the provisions of the 1968 Agreement; and

(e) "Project" means the project referred to in the 1968 Agreement and includes the repairs of, and additional remedial works to, the Tarbela dam referred to in the 1975 Agreement.

Article II. THE CREDIT

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions in the Development Credit Agreement set forth or referred to, an amount in various currencies equivalent to eight million dollars (\$8,000,000).

¹ Came into force on 2 October 1975, upon notification by the Association to the Government of Pakistan.

² See p. 2 of this volume.

³ United Nations, *Treaty Series*, vol. 637, p. 41.

⁴ See p. 17 of this volume.

Section 2.02. Upon request by the Administrator, the Association shall withdraw from the Credit Account and pay to the Fund, at such times and in such currencies as shall be agreed between the Association and the Administrator, such amounts as the Administrator shall specify in its request.

Section 2.03. The amounts withdrawn from the Credit Account shall, subject to the provisions of section 8.04 of the 1968 Agreement, become available to the Borrower only as provided in the 1968 Agreement, as supplemented by the 1975 Agreement. Such amounts, as they become available to the Borrower from the Fund, shall be used by the Borrower in accordance with the provisions of the aforesaid Agreements exclusively for the purposes set forth in section 1.07(a) or referred to in section 1.08(b)(ii)(2) of the 1975 Agreement.

Section 2.04. The Closing Date shall be December 31, 1976, or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Service charges shall be payable semi-annually on April 1 and October 1 in each year.

Section 2.07. Except as otherwise provided in section 1.08 of the 1975 Agreement, the Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each April 1 and October 1 commencing October 1, 1985, and ending April 1, 2025, each installment to and including the installment payable on April 1, 1995, to be one-half of one per cent ($\frac{1}{2}$ of 1%) of such principal amount, and each installment thereafter to be one and one-half per cent ($1\frac{1}{2}\%$) of such principal amount.

Section 2.08. The currency of the United States of America is hereby specified for the purposes of section 4.02 of the General Conditions.

Article III. EXECUTION OF THE PROJECT

Section 3.01. The Borrower shall duly and punctually perform all obligations provided to be performed by it pursuant to the 1968 Agreement and the 1975 Agreement and shall accord appropriate priority, satisfactory to the Association, to the completion of the Project, in conformity with sound engineering and financial practices, notwithstanding any termination of the 1968 Agreement or the 1975 Agreement, other than under section 9.02(c) of the 1968 Agreement.

Section 3.02. The Borrower shall cause the dam and other facilities included in the Project and the electrical power generating equipment associated therewith to be operated and maintained in accordance with sound irrigation and electric utility practices.

Section 3.03. The Borrower: (i) shall maintain records adequate to record the progress of the Project (including the cost thereof) and to identify the goods and services financed out of the proceeds of the Credit, and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the agency or agencies of the Borrower responsible for the construction or operation of the Project or any part thereof; (ii) shall enable the Association's accredited representatives to visit the facilities and construction sites included in the Project and to examine the goods financed out of the proceeds of the Credit and any relevant records and documents; and (iii) shall furnish to the Association all such information as the Association shall reasonably request concerning the monies disbursed by the Fund for the Project, the goods and services financed out of such disbursements, and the operations and financial condition of the agency or agencies responsible for the construction or operation of the Project or any part thereof; provided, however, that, until the termination for any reason of the 1968

Agreement or the 1975 Agreement, compliance by the Borrower with the requirements of section 7.03(b) of the 1968 Agreement shall, to the extent thereof, be deemed compliance with the provisions of this section.

Article IV. REMEDIES OF THE ASSOCIATION

Section 4.01. For the purposes of Section 6.02 of the General Conditions, the following additional events are specified pursuant to paragraph (h) thereof:

- (a) an extraordinary situation shall have arisen which shall make it improbable that the Borrower will be able to perform its obligations under the 1968 Agreement or the 1975 Agreement; and
- (b) the 1968 Agreement shall have terminated pursuant to section 9.02(c) thereof.

Section 4.02. For the purposes of section 7.01 of the General Conditions, the following additional event is specified pursuant to paragraph (d) thereof, namely, that the event specified in paragraph (b) of section 4.01 of this Agreement shall have occurred.

Article V. EFFECTIVE DATE; TERMINATION

Section 5.01. The following event is specified as an additional condition to the effectiveness of the Development Credit Agreement within the meaning of section 12.01(b) of the General Conditions, namely, that the 1975 Agreement shall have come into force and effect.

Section 5.02. The date October 31, 1975, is hereby specified for the purposes of section 12.04 of the General Conditions.

Section 5.03. The obligations of the Borrower under sections 3.02 and 3.03 of this Agreement shall cease and determine on the date on which the Development Credit Agreement shall terminate or on September 1, 1993, whichever shall be the earlier.

Article VI. REPRESENTATIVE OF THE BORROWER; ADDRESSES

Section 6.01. The Secretary to the Government of Pakistan, Economic Affairs Division, is designated as representative of the Borrower for the purposes of section 11.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of section 11.01 of the General Conditions:

For the Borrower:

The Secretary to the Government of Pakistan
Economic Affairs Division
Islamabad, Pakistan

Cable address:

Economic
Islamabad

For the Association:

International Development Association
1818 H Street, N.W.
Washington, D.C., United States of America

Cable address:

Indevas
Washington, D.C.

IN WITNESS WHEREOF, the Parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

Islamic Republic of Pakistan:

By A. M. MUFTI
Authorized Representative

International Development Association:

By WILLIAM DIAMOND
Acting Regional Vice President
South Asia

INTERNATIONAL DEVELOPMENT ASSOCIATION

GENERAL CONDITIONS, DATED 15 MARCH 1974

GENERAL CONDITIONS APPLICABLE TO DEVELOPMENT CREDIT AGREEMENTS

(Not published herein. See United Nations, Treaty Series, vol. 954, p. 246.)
